

**PIPELINE EASEMENT APPLICATIONS
JULY/AUGUST, 2012 MEETING**

Pursuant to a review of pipeline easements, the Department makes the following recommendations for the pipeline easement applications being considered by the Board at this month's meeting:

- 30-year limited term easements;
- Initial principal payment set at:
 - ❖ \$40/rod for 30-foot width corridor
 - ❖ \$50/rod for 50-foot width corridor, or
 - ❖ Market Evidence
- Assessment of additional compensation at 10-year intervals. Compensation to be derived by applying a 2.5% interest rate, compounded annually.
 - ❖ Initial principal compensation comprises advance payment of years 1 thru 10
 - ❖ Initial principal payment compounded by 2.5% annually, beginning with year 1, establishes an valuation figure for the first 10-year anniversary date
 - ❖ Resulting 10th year valuation figure to be subtracted from the initial principal payment to establish the compensation value for years 11 thru 20
 - ❖ 10th year valuation figure carried forward and compounded by 2.5% to establish a 20th year valuation figure
 - ❖ compensation due at year 20, to cover years 20 through 30, established as described above
 - ❖ As the 10-year interval payments are easily projected, applicant may opt to make all payments upfront

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16011
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	0.60
Initial Principal Payment:	\$1,573.00 (31.45 rods x \$50/rod)
Legal Description:	50-foot strip across the Yellowstone River in SE4, Sec. 17, Twp. 22N, Rge. 59E, Richland County
Trust Beneficiary:	Public Land Trust
Classification:	II



Applicant is proposing a 12" natural gas liquids pipeline originating near Sidney at the Oneok Riverview Terminal and terminating at the Overland Pass Pipeline located near Fort Collins, Colorado. Of the proposed 509 miles, 205 miles are located in Montana. The route for the pipeline was chosen so that it would minimize disturbance to biological and cultural resources and ensure public safety. This pipeline will transport raw, unfractionated natural gas liquids from the Bakken shale play in North Dakota and Montana at an initial rate of 60,000 barrels per day. If additional pump facilities are added the pipeline could eventually transport up to 110,000 barrels per day. This pipeline does not fall under the Major Facility Siting Act (MFSA), nor does it require approval under the Federal Energy Regulatory Commission (FERC). As with all pipelines, the Pipeline and Hazardous Material Safety Administration (PHMSA) under the US Department of Transportation will regulate, inspect and enforce laws and regulations associated with the operation and maintenance of the pipeline. Permits required from other agencies have been completed.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: ONEOK Bakken Pipeline, LLC
%Bruce Johnson
1001 S Douglas Hwy, Suite 110
Gillette WY 82716

Application No.: 16012
R/W Purpose: a 12" buried natural gas liquids pipeline
Lessee Agreement: Ok
Acreage: 7.60
Initial Principal Payment: \$20,071.00 (401.41 rods x \$50/rod)
Legal Description: 50-foot strip through N2NW4, SE4NW4, NE4SW4, W2SE4,
Sec. 36, Twp. 21N, Rge. 59E, Richland County
Trust Beneficiary: Common Schools
Classification: II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16013
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	6.06
Initial Principal Payment:	\$15,993.00 (319.85 rods x \$50/rod)
Legal Description:	50-foot strip through E2W2, Sec. 16, Twp. 20N, Rge. 60E, Richland County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16014
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	4.70
Initial Principal Payment:	\$12,402.00 (248.03 rods x \$50/rod)
Legal Description:	50-foot strip through SW4NE4, W2SE4, Sec. 34, Twp. 19N, Rge. 60E, Wibaux County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16015
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	7.04
Initial Principal Payment:	\$18,591.00 (371.82 rods x \$50/rod)
Legal Description:	50-foot strip through W2NE4, SE4NW4, N2SW4, SW4SW4, Sec. 16, Twp. 17N, Rge. 60E, Wibaux County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16016
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	6.23
Initial Principal Payment:	\$16,439.00 (328.78 rods x \$50/rod)
Legal Description:	50-foot strip through E2NW4, SW4NW4, W2SW4, Sec. 16, Twp. 16N, Rge. 60E, Wibaux County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16017
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	6.24
Initial Principal Payment:	\$17,525.00 (350.50 rods x \$50/rod)
Legal Description:	50-foot strip through W2NE4, NW4SE4, E2SW4, Sec. 16, Twp. 12N, Rge. 59E, Wibaux County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16018
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	3.03
Initial Principal Payment:	\$8,003.00 (160.05 rods x \$50/rod)
Legal Description:	50-foot strip through E2SE4, Sec. 30, Twp. 8N, Rge. 59E, Fallon County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16019
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	3.04
Initial Principal Payment:	\$8,003.00 (160.50 rods x \$50/rod)
Legal Description:	50-foot strip through W2SW4, Sec. 35, Twp. 4N, Rge. 60E, Fallon County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16020
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	6.41
Initial Principal Payment:	\$16,922.00 (338.43 rods x \$50/rod)
Legal Description:	50-foot strip through E2NE4, SW4NE4, W2SE4, SE4SW4, Sec. 16, Twp. 6S, Rge. 62E, Carter County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Bakken Pipeline, LLC %Bruce Johnson 1001 S Douglas Hwy, Suite 110 Gillette WY 82716
Application No.:	16021
R/W Purpose:	a 12" buried natural gas liquids pipeline
Lessee Agreement:	Ok
Acreage:	6.16
Initial Principal Payment:	\$16,259.00 (325.18 rods x \$50/rod)
Legal Description:	50-foot strip through E2, Sec. 16, Twp. 1S, Rge. 60E, Carter County
Trust Beneficiary:	Common Schools
Classification:	II



Please see explanation on page 1.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream, LLC 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	16074
R/W Purpose:	a 10.75" buried natural gas liquids pipeline
Lessee Agreement:	N/A (Navigable Riverbed)
Acreage:	0.45
Initial Principal Payment:	\$2,498.00 (35.69 rods x \$70/rod – Market Evidence)
Legal Description:	33-foot strip across the Missouri River in SW4, Sec. 15, Twp. 26N, Rge. 59E, Richland & Roosevelt County
Trust Beneficiary:	Public Land Trust
Classification:	III



This proposed pipeline is part of an extensive interstate pipeline project that will ultimately lead to Oneok's Riverview Terminal. The pipeline will be horizontal directional drilled (HDD) at a minimum depth of 50 feet below the Missouri Riverbed. Applicant has received applicable permits from all permitting agencies for the project. Because the HDD process is being utilized there will be no impact to fisheries and species of concern. The Department recommends approval of this request.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Belle Fourche Pipeline Company % Western Land Services 1662 South Sheridan Avenue Sheridan WY 82801
Application No.:	16075
R/W Purpose:	a 16" buried crude oil pipeline
Lessee Agreement:	ok
Acreage:	6.20
Initial Principal Payment:	\$16,373.00 (327.46 rods x \$50/rod)
Legal Description:	50-foot strip through W2NE4, SE4NW4, E2SW4, Sec. 16, Twp. 7N, Rge. 58E, Fallon County
Trust Beneficiary:	Common Schools
Classification:	III



Applicant is requesting easements across six parcels of state trust lands for their proposed Thunderbird Pipeline Phase I project. The 16" crude oil pipeline will originate near Plevna and terminate near Ekalaka. Length of this phase of the project is 34.9 miles. Additional phases will complete the pipeline to its final termination point of Casper, WY. The pipeline is anticipated to transport up to 80,000 barrels per day of Bakken light sweet crude oil. This volume would equate to approximately 275 truckloads per day. Current production of oil in the Bakken area is approaching 600,000 barrels per day, necessitating the construction of more pipelines to move the product efficiently and safely. The proposed Thunderbird Pipeline corridor parallels two existing pipelines, Butte Pipeline and Wiliston Basin Interstate Grasslands Pipeline, constructed in 1955 and 2003, respectively. Environmental impacts have been identified and mitigation measures addressed through construction and reclamation plans.

The Department recommends approval of these easement requests.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Belle Fourche Pipeline Company % Western Land Services 1662 South Sheridan Avenue Sheridan WY 82801
Application No.:	16076
R/W Purpose:	a 16" buried crude oil pipeline
Lessee Agreement:	ok
Acreage:	6.08
Initial Principal Payment:	\$16,070.00 (321.40 rods x \$50/rod)
Legal Description:	50-foot strip through W2W2, Sec. 36, Twp. 5N, Rge. 57E, Fallon County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 13.

PIPELINE APPLICATIONS

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Belle Fourche Pipeline Company % Western Land Services 1662 South Sheridan Avenue Sheridan WY 82801
Application No.:	16077
R/W Purpose:	a 16" buried crude oil pipeline
Lessee Agreement:	ok
Acreage:	3.16
Initial Principal Payment:	\$8,343.00 (166.86 rods x \$50/rod)
Legal Description:	50-foot strip through W2NW4, Sec. 16, Twp. 4N, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 13.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Belle Fourche Pipeline Company % Western Land Services 1662 South Sheridan Avenue Sheridan WY 82801
Application No.:	16078
R/W Purpose:	a 16" buried crude oil pipeline
Lessee Agreement:	ok
Acreage:	2.17
Initial Principal Payment:	\$5,715.00 (114.29 rods x \$50/rod)
Legal Description:	50-foot strip through Gov. Lot 3 & NE4SW4, Sec. 4, Twp. 4N, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 13.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Belle Fourche Pipeline Company % Western Land Services 1662 South Sheridan Avenue Sheridan WY 82801
Application No.:	16079
R/W Purpose:	a 16" buried crude oil pipeline
Lessee Agreement:	ok
Acreage:	3.39
Initial Principal Payment:	\$8,955.00 (179.09 rods x \$50/rod)
Legal Description:	50-foot strip through Gov. Lots 5, 6 & SE4NW4, Sec. 6, Twp. 2N, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 13.

PIPELINE APPLICATIONS

July/August, 2012

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Belle Fourche Pipeline Company % Western Land Services 1662 South Sheridan Avenue Sheridan WY 82801
Application No.:	16080
R/W Purpose:	a 16" buried crude oil pipeline
Lessee Agreement:	ok
Acreage:	3.22
Initial Principal Payment:	\$8,502.00 (170.04 rods x \$50/rod)
Legal Description:	50-foot strip through N2SE4, SW4SE4, Sec. 20, Twp. 4N, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III



Please see explanation on page 13.

PIPELINE APPLICATIONS

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Phillips 66 Pipeline LLC 2626 Lillian Avenue Billings MT 59101
Application No.:	16081
R/W Purpose:	an 8" buried petroleum products pipeline
Lessee Agreement:	ok
Acreage:	0.94
Initial Principal Payment:	\$3,212.00 (80.31 rods x \$40/rod)
Legal Description:	30-foot strip across the Big Horn River in SW4SE4, Sec. 25, Twp. 5S, Rge. 31E, Big Horn County
Trust Beneficiary:	Public Land Trust
Classification:	III



Applicant has an existing pipeline crossing in this location without benefit of an easement from the State. The top of the existing pipeline is exposed or nearly exposed in the thalweg of the channel depending upon flow. With additional high water the potential exists that the pipe could be further exposed and potentially damaged. Applicant is proposing to bore a new pipeline under the river to a depth of 28 feet and abandoning the old pipeline in place. In abandoning the existing pipe the applicant is proposing to purge and swab and line grout the pipe with a flowable sand/cement mixture and cap the ends. Without cathodic protection the pipeline would degrade overtime and the flowable fill would become part of the valley fill that the pipe is buried in. While applicant would continue to monitor the pipe for potential exposure, it is possible that the pipe would have to be removed in the future.

This area of the river is extensively used by fisherman and other recreationists. If the pipeline is left in place there is a potential that some object, like a drift boat anchor, could snag the pipeline. This would require a stretch of the river to be closed during a period of time of heavy use.

The Department recommends approval of the placement of the new pipe and also recommends requiring applicant to remove the existing exposed pipeline from the riverbed between the months of January and March, 2013. During this period of time the river is at low flow and there is minimal use by the general public.